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Broadband Technology Opportunities Program
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C.

Dear Policy Makers:

Thank you for the open and accessible process for soliciting ideas regarding the policies and programs for broadband funding in the American Recovery and Reinvestment Act of 2009 (ARRA). Please consider the following recommendations.

Focus on Rural America

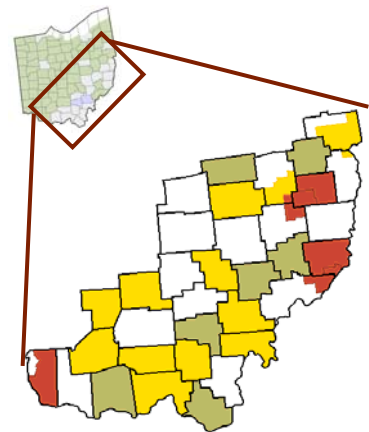
Some have argued that building broadband into rural America amounts to building a bridge to nowhere. I urge you to reject this faulty logic – rural America is the source of our food, our energy and 44% of our nation's soldiers.

Make the Un-Served the Top Priority

The ARRA funding offers the opportunity to systematically expand broadband across all of the un-served areas in America. We must take maximum advantage of this historic moment for the long-term good of the economy, the society and the environment.

The mission is urgent. For instance, in the 34 Ohio counties in Congressman Space's **Connecting Appalachia** initiative, **62% to 75% of the 17,000 square miles remain un-served** by any type of broadband. For the 500,000 people living in these un-served areas of southeastern Ohio, the lack of broadband reduces career options, eliminates critical educational avenues, hampers health care innovation and cripples tourism.

Although, many parts of rural America suffer from holes in broadband coverage, the Appalachian region has a higher percentage of un-served territory and, due to the terrain, will require more funding per square mile to deliver services.



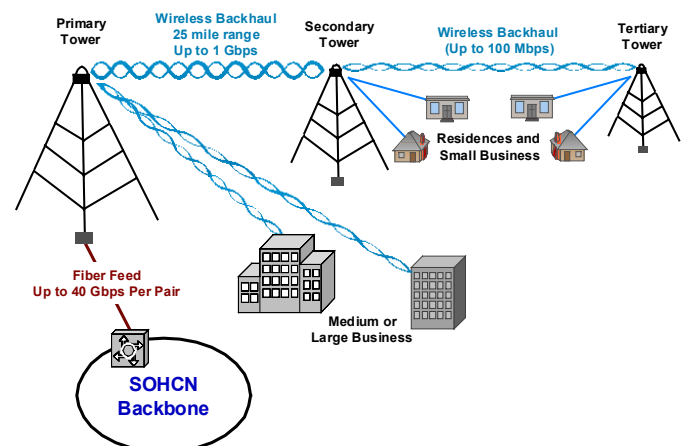
62% to 75% Un-served
Shading shows Health
Professional Shortage Areas



Three generations behind the counter
at the local pizza place

Deploy Capital to Yield Sustainable Networks

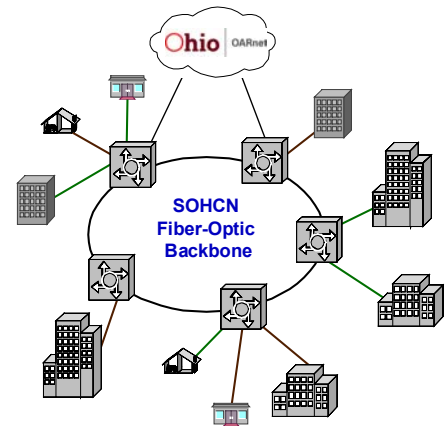
With upfront capital funding, commercial carriers will build and operate networks in the un-served areas. As an example, the Connecting Appalachia project to provide wireless coverage of the rural expanse features a \$64 million capital investment of public funds with participating carriers spending \$68 million over five years to operate the network. The pro forma projections clearly demonstrate profitability in year 2 with sufficient net income in year 4 to begin network upgrades.



Award to Non-Profit Intermediaries to Establish Partnerships with Carriers

Awarding ARRA funds to non-profit intermediaries committed to addressing 100% of the un-served in their region offers the best approach for achieving the policy objectives. For instance, Connecting Appalachia features a partnership among the Southern Ohio Health Care Network, the ARC-designated multi-county development districts and the regional K-12 technology leadership to create the plans and lead the projects.

Through competitive bidding we would seek proposals from commercial carriers, large and small, to provide the specified services. We have pursued a similar model with a FCC funded Rural Health Care Pilot Project for which we have already secured \$16 million in funding.



Provide Grants, not Loans to Reach Un-served Areas

Loans will do little to spur investment in the un-served areas across the country due to the same low population densities that have discouraged carrier investment for decades. Given these realities, the goal of all-inclusive broadband remains unattainable without public grant funds to provide the capital infusion required to create a viable business model for carriers.



Give Priority to Mapped States

In Ohio, we are fortunate that Governor Strickland had the foresight to contract for comprehensive broadband mapping prior to the availability of the ARRA funding. Thus we can already identify the un-served areas with significant precision. This leg-up gives Ohio and other states in similar position the chance to clearly articulate the policy objectives and definitively measure the outcomes, offering valuable lessons for the rest of the nation. Thus in the first round of funding we encourage the NTIA to focus on states that have already completed broadband mapping.

Minimize the Match

During the current downturn, the economic conditions in our already distressed Appalachian region have deteriorated faster than in the rest of the country. Even small match amounts can become insurmountable obstacles to progress. If match is required, please consider qualifying as match previously made investments by the participating parties and/or network operating expenditures over time by the carriers.

Sincerely,

Tom Reid

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